

Mr. DEPUTY SPEAKER.—Looking to the importance of the Bills, the order of priority has been fixed by Government. We will take up according to the priority.

Sri M. C. NARASIMHAN.—Do you mean to say that the other Bills are not important? What about the Public Accounts Committee report also?

Mr. DEPUTY SPEAKER.—That will be taken up later on. But this is the final programme fixed up.

We shall now proceed with the Co-operative Societies Bill. Consideration of clauses.—Clause 2. There is an amendment by Sri K. Kenchappa.

MYSORE CO-OPERATIVE SOCIETIES BILL, 1958.

(Debate continued)

Mr. DEPUTY SPEAKER.—Clause 2.

Sri K. KENCHAPPA (Hiriyur).—I beg to move that:

“1. The words ‘or deemed to be registered under the Act’ in item (a) shall be deleted.

2. In item (b) after the word ‘called’ in line 2 the words ‘consisting of only elected President, Secretary, Treasurer and members’ shall be inserted.

3. The words ‘or deemed to be registered under this Act’ shall be deleted.”

Mr. DEPUTY SPEAKER.—Amendment moved:

“That (1) words ‘or deemed to be registered under the Act’ in item (a) shall be deleted.

2. In item (b) after the word ‘called’ in line 2 the words ‘consisting of only elected President, Secretary, Treasurer and members’ shall be inserted.

3. The words ‘or deemed to be registered under this Act’ shall be deleted.”

There is also an amendment by Sri G. Venkatai Gowda. He is not present. The amendment lapses.

Sri Y. VEERAPPA (Holenarasipur).—Sri Venkatai Gowda was here.

Mr. DEPUTY SPEAKER.—I cannot help it.

Sri C. J. MUCKANNAPPA (Gubbi).—Let us not be so rigid.

†Sri K. KENCHAPPA.—My intention in seeking permission to delete these words is this. The words used are “deemed to be registered under the Act”. There is no meaning in a society being registered because it is deemed to have been registered under the Act. Therefore the words “deemed to have been registered” should be deleted so that the public may understand that the society is functioning only after it is regularly registered.

My next amendment is:

“In item (b) after the word ‘called’ in line 2 the words ‘consisting of only elected President, Secretary, Treasurer and members shall be inserted.”

According to the present Act:

“‘committee’ means the governing body of a co-operative society, by whatever name called, to which the management of the affairs of the society is entrusted.”

The committee may contain also people who are not elected. My idea is that the committee should consist of persons who are elected either as Presidents, Secretaries or Treasurers or even as members. The Bill proposes that there should be a provision enabling the Government to nominate some people and gives them scope to nominate even the Presidents and Secretaries. For example there are central societies like the Land Mortgage Bank and the Apex Bank which are financing primary societies; my intention is that these committees should consist of only elected persons in order to have a complete democratic set-up. We must develop such a set-up hereafter. So far as our experience goes, we have seen that when the President or the Secretary or some of the members are nominated they have no regard for the opinion of the other members. In some cases it is our

(SRI K. KENCHAPPA)

experience that when the Board delegated its power to the executive committee consisting of only the President and Secretary, they became actual dictators. Therefore, my intention in bringing this amendment is to see that the executive committee consists of only elected members either as Presidents or Secretaries or in some other capacity. I hope this august House will agree to this amendment.

Sir, the words 'deemed to be registered under the Act' convey no meaning. If it is not registered, how can it be 'deemed to have been registered'? Such a provision would also contravene the spirit of the Act. Therefore I suggest that it may be deleted.

†SRI MALI MARIAPPA (Minister for Co-operation).—Sir, I oppose the amendment. My learned friend may kindly refer to Clauses 120 and 121, where in certain exemptions have been given to certain societies from the operation of certain provisions relating to registration. The Hon'ble Member may also look into the repeal provision, under which societies already registered before the present Bill becomes an Act, would be deemed to have been registered under the new Act. Thus I hope my friend will understand the reasoning behind this provision.

So far as the second amendment is concerned, I realise that my learned friend emphasises election to the posts of office-bearers. This is, however, a matter to be decided in the rules and it is not relevant under this Clause.

Mr. DEPUTY SPEAKER.—The question is :

1. The words "deemed to be registered under the Act" in item (a) shall be deleted.

2. In item (b) after the word "called" in line 2 the words "consisting of only elected President, Secretary, Treasurer and Members" shall be inserted.

3. The words "or deemed to be registered under this Act" shall be deleted.'

The motion was negatived.

Mr. DEPUTY SPEAKER.—The question is :

"That Clause 2 stand part of Bill".

The Motion was adopted.

Clause 2 was added to the Bill.

Mr. DEPUTY SPEAKER.—Clause 3.

SRI K. KENCHAPPA.—I beg to move :

'In line 3 of sub-clause (4), the word "not" shall be inserted between the words "shall" and "be" and the following words shall be added at the end of the sub-clause :—

"He shall be bound to take action as per observations of the audit within three months of the date of audit by a staff unconnected with the department of Co-operative Societies and failing which the Registrar shall immediately become liable for disciplinary action by the State Government".'

Mr. DEPUTY SPEAKER.—Amendment moved :

'In line 3 of sub-clause (4), the word "not" shall be inserted between the words "shall" and "be" and the following words shall be added at the end of the sub-clause :—

"He shall be bound to take action as per observations of the audit within three months of the date of audit by a staff unconnected with the department of Co-operative Societies and failing which the Registrar shall immediately become liable for disciplinary action by the State Government".'

†SRI K. KENCHAPPA.—Sir, we are all agreed on the necessity of regular auditing of the societies. But the Section charged with the duty of conducting audit, should not be under the control of the Registrar. The Registrar is expected to control the administration of the societies and if the audit is also to be under his charge, the audit may not function

independently, because the auditors would be in fear of the Registrar. In the past audits have not been successful because the Registrar happened to be their head. This must be put an end to and that is the purpose of this amendment. I suggest that the audit branch should be separated and should not be administratively liable to answer the Registrar.

Another intention behind this amendment is that proper action should be taken on audit reports. What we find now is that by the time the report is received and action taken, most of the persons affected would have left the society. The audit reports lie in the archives of the Society and in course of time are either destroyed by white ants or are made to be destroyed. My suggestion is that the Registrar should be under a compulsion to take action on the audit reports, failing which he should be held personally responsible. There is no meaning in having audit if no action is to be taken on audit reports. I believe that this is an essential amendment and if it is not accepted, I am afraid the old rut would continue and the development of co-operation would be impeded, I trust the House will accept my amendment.

9-30 A.M.

†Sri MALI MARIAPPA.—I am not agreeable to the amendment suggested by my Hon'ble friend Sri Kenchappa. He knows that this matter was sufficiently discussed in the Joint Select Committee and this word was removed by the Joint Select Committee from this sub-clause. So far as audit is concerned, it must be the province of the Registrar. As regards safeguarding the impartiality and the independence of the Audit Department steps are being taken. In view of this I do not think the present amendment is necessary. I would request him to withdraw it.

Sri K. KENCHAPPA.—I want to press the amendment.

Mr. DEPUTY SPEAKER.—The question is :

'In line 3 of sub-clause (4) of clause 3 the word "not" shall be

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inserted between the words "shall" and "be" and the following words shall be added at the end of the sub-clause :—

"He shall be bound to take action as per observations of the audit within three months of the date of audit by a staff unconnected with the department of Co-operative Societies and failing which the Registrar shall immediately become liable for disciplinary action by the State Government."

The motion was negatived.

Mr. DEPUTY SPEAKER.—The question is :

"That Clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Mr. DEPUTY SPEAKER.—The question is :

"That clauses 4 and 5 stand part of the Bill."

The motion was adopted.

Clauses 4 and 5 were added to the Bill.

Mr. DEPUTY SPEAKER.—Clause 6.

Sri K. KENCHAPPA.—Sir, I beg to move the following amendment :

'1. In sub-clause (1) for the words "the Registrar may...specify" the words "may be prescribed by rules" shall be substituted ;

2. Item (d) of sub-clause (2) shall be deleted."

Mr. DEPUTY SPEAKER.—Amendment moved :

'1. In sub-clause (1) for the words "the Registrar may...specify" the words "may be prescribed by rules" shall be substituted ;

2. Item (d) of sub-clause (2) shall be deleted."

Sri K. S. SURYANARAYANA RAO (Mysore City).—Sir, I beg to move :

'In clause 6 in sub-clause (1) for the words "the Registrar may from time to time, specify", the words "may be prescribed" shall be substituted.'

Mr. DEPUTY SPEAKER.—Amendment moved :

‘In clause 6 in sub-clause (1) for the words “the Registrar may, from time to time, specify”, the words “may be prescribed” shall be substituted.’

Sri K. S. SURYANARAYANA RAO.—My amendment is very simple. Instead of saying as may be prescribed by rules, I want to say “as may be prescribed”.

Sri K. KENCHAPPA.—Who is the prescribing authority? That has to be made clear.

Sri MALI MARIAPPA.—So far as the amendment of Sri Suryanarayana Rao is concerned, it is in proper form for the reason that ‘prescribed’ means prescribed under the rules. So I accept that amendment. This means that in substance I am accepting Sri Kenchappa’s amendment also as far as this part is concerned.

I cannot accept the second part of Sri Kenchappa’s amendment.

Sri K. KENCHAPPA.—I have not yet explained the second part of my amendment. Sub-clause (d) reads :

“where the objects of the co-operative society include the creation of funds to be lent to its members and where all the applicants are individuals, the applicants shall reside in the same village or town or in the same group of villages or belong to the same class or pursue the same occupation.”

Any person who wants to become a member of a society shall have at least one of these qualifications. I think it is too much to impose so many conditions and it also serves no purpose. This is a society which is intended to finance its members. A person may be residing in the same place but he may not be following the occupation for which the society has been registered. Suppose it is a kambli weavers’ society and the person wishing to become a member is not a kambli weaver but he is residing in the same place; then he is eligible to become a member. Suppose there

is a kambli weaver in Gokak or some place in Bijapur and there is a kambli weavers’ society in Kolar, then that weaver of Gokak can become a member of the society in Kolar because he is following that occupation. This looks very odd. Further, there is no definition of “class”. What is meant by class is not explained. ‘Class’ may mean community. There is no co-operative society for any particular class. If a society is for a particular class it will affect the very principle of co-operative societies. If there can be a co-operative society for a class, then there may be a Brahmins’ co-operative society and any person belonging to that class anywhere in North Karnatak can become a member of that Brahmins’ co-operative society according to the clause as it stands. On the other hand a Scheduled Caste member or some other person living outside the territorial jurisdiction of the society and not following the same occupation cannot become a member of that society. If, however, this particular provision of the clause is deleted, it will not do any harm, because the objects of the society, its territorial jurisdiction and the kind of persons who can become members, etc., will have been stated in the bye-laws and there will be no difficulty and only those people who are eligible to become members of the society will be admitted as members. So, Sir, this particular part of the clause is redundant and it serves no purpose. On the other hand, it may lead to some mischief if it remains in this clause. So I have moved my amendment for its deletion.

†Sri M. C. NARASIMHAN.—I support the deletion as suggested in this amendment. This is a restriction imposed on the registration. The Registrar is entitled to refuse registration of a particular society if his particular (2) (d) is not provided for in the application. So the point is this. After all, the question of loans and the manner in which loan should be administered should be left purely to the discretion of the concerned society. If the society feels that moneys can be lent on a particular basis against particular securities, it is none of the

Registrar's business to intervene and say that it shall be confined only to a particular class or it shall be confined only to a particular village. After all, the Registrar's right to lend money on the basis of securities governed by bye-laws is a matter that is alone to be taken into consideration, not any other aspect. I can understand if restriction is imposed in relation to security, that is the manner in which recovery is to be ensured. This does not speak anything about the recovery; it only prescribes qualifications, which is totally irrelevant to the recovery. Suppose I belong to a particular class; that is not the sole criterion to accept me as a member of the society. What is really relevant is the capacity of the concerned person to pay. Since this brings all sorts of irrelevant and alien considerations to the transaction, this cannot at all be justified. Lastly, the word 'class' is really very mischievous because nowhere in the world 'class' is defined. It may lead to communal society or any other society. Supposing a particular set of Managing Committee members decide to name a particular society as a communal society and on that basis they get certain benefits from the Government. Immediately it would mean that others who may be entitled to get benefit will be outside the purview of this benefit. So it is not a reasonable restriction that can be imposed on the registration of a society. The Hon'ble Minister has got to think seriously about this because it pertains to the question of the right of registration and not to the administration of society.

†Sri MALI MARIAPPA.—(2) (d) has to remain for the reason that this clause refers to registration of co-operative society and if members are drawn from a compact area or from an occupational class generally they can carry out the objectives very effectively. It is only to translate that objective that this is put in. So far as the word 'class' is concerned, sufficient discussion also took place in the Select Committee. 'Class' means a particular religious class. 'Class' also means an occupational class. Here it is used only in the

sense of occupational class. This matter has been sufficiently made clear.

Sri V. SRINIVAS SHETTY (Coondapur).—If it means the same thing, 'or pursue the same occupation'—is it not redundant? "belong to the same class" generally means "belong to the same level, not occupation." That is the accepted meaning.

Sri MALI MARIAPPA.—That matter has been thoroughly clarified in the Joint Select Committee. There was a lot of discussion regarding the meaning and it is understood and it also means that it is only an occupational class and never the class formed on religious basis. So 'class' is to be understood in its general sense, not in the sense in which we ordinarily take it.

Sri M. C. NARASIMHAN.—If this is the explanation sought to be given, why do you hesitate to include it in the definition clause? If it refers to an occupation, then it is redundant; it cannot be by way of an explanation because if 'the same class' were to mean 'occupational', then the word 'including' would have been there, but never the word 'or'. Take it in the context of other things mentioned 'same group of villages'.

Sri MALI MARIAPPA.—There are also societies which are formed by Graduates. They call themselves as 'graduates co-operative society'. So some of those cases have got to be covered. It is put in a general fashion; sometimes they go by the general terminology 'class'.

Sri K. S. SURYANARAYANA RAO.—It is stated: "belong to the same class or pursue the same occupation." The Graduates' Co-operative Society is either a credit society or a craft society or a marketing society. The name will not much matter. What matters is the type of society; even the words 'belong to the same class' are not necessary if we are to take it as meaning 'occupational group'.

Sri G. VENKATAI GOWDA (Palaiyam).—As it is, it is not possible to exclude a particular community. Supposing I form a society of my own class and I may prevent people of any other sect from becoming members of the society. It conveys that meaning.

(SRI G VENKATAI GOWDA)

Therefore, it is liable to be misused later. The Hon'ble Minister is requested to clarify the position and see that at least it is defined somewhere or it is taken away. What is the exact intention of the Minister or others will not be taken into consideration later on elsewhere. Therefore, I submit that it is better to give a definition of 'same class' or do away with it.

Sri C. J. MUCKANNAPPA.—As it is, it leads to the formation of Brahmins' Co-operative Society or Vokkaligars' Co-operative Society. It is better that at the earlier stage we come to a definite conclusion that such a society should not be there. I hope that the Minister will just clear the doubts and withdraw those words at least for the time being and see that no doubt is left in the matter.

Sri MALI MARIAPPA.—The whole trouble seems to have arisen over the common meaning that we have been attaching to the word 'class'. We are taking 'caste' as synonymous with 'class'. That is all the reason why so much doubt has arisen regarding this word. But we have got to cover certain classes of societies wherein they belong to a particular class. For example, Graduates' Co-operative Society or Mahila Co-operative Society or as my friend has put it, Officers' co-operative society. They all belong to one class. So such a category of . . .

Sri K. KENCHAPPA.—According to the clause, a person belonging to any one of the alternative categories can become a member. Women's Co-operative Society is formed; Graduates' Co-operative Society is formed. Then a graduate from Bijapur also can become a member of this. Will it be according to the spirit of the credit society? Can it operate properly? There are very many difficulties. Supposing jurisdiction is prescribed for Graduates' constituency specifying that Bangalore Corporation area shall be the jurisdiction. Because he belongs to the same class by virtue of this section, in spite of limiting the membership to Bangalore Corporation area, he is entitled to become a member of the Co-operative Society even though

he resides in Bijapur. There is no question of common sense. We are dealing with the question of interpreting the words of the Section. Therefore, we cannot count upon common sense. By no stretch of imagination can we say that a person, if he belongs to a Graduate class, is barred from becoming a member of a Bangalore Co-operative Society even though he resides in Bijapur according to the wording of this section.

Sri G. VENKATAI GOWDA.—We are insisting that if you have got to safeguard certain classes, it is better to use the word 'category' instead of the word 'class'.

†Sri V. SRINIVAS SHETTY (Coondapur).—I was really surprised at the Hon'ble Minister saying that there was a common meaning and the Select Committee came to a general conclusion. The Select Committee will not be there in the High Court when this word is being interpreted. The Hon'ble Minister being a lawyer, I am really astonished. Can he produce any authority to show that 'class' means the same thing as he explained in this House. Most of us are lawyers and we have to be specific. Otherwise, the Court will come down upon us saying that is an amorphous word. It must have a specific meaning. Instead of the word 'class', 'category of persons' may be taken. We have no objection to the section as such. But later on, people should not say that the Members of the Select Committee had no idea of law or clear meaning of any word. I request the Minister to delete the whole thing or substitute the word 'category'. This is redundant and the whole phrase can be dropped out. Why should we link this clause to a security? We are unable to understand. As some of my friends have said, Brahmins, or Vokkaliga or others may say that they belong to a class and the whole thing may be agitated in a Court of Law. What an amount of confusion will be created by this word? With due deference to the Hon'ble Minister, I request that this word may be either dropped or a clear word substituted.

Dr. R. NAGAN GOWDA (Hospet).—There are societies the members of which are usually consumers. The consumers do not belong to any one occupation. But consumers as such belong to a class. Otherwise now for instance, there are Consumers Stores in Bellary and Hospet and they come under this class of consumers. So this word 'class' has been in all the Acts for the last 50 years and I think this should be retained.

Sri MALI MARIAPPA.—I was just submitting as to what transpired in the Joint Select Committee. This is a matter which has been sufficiently discussed. That is what I wanted to impress here; all these arguments were also advanced at that time and after sufficient discussion only we have ultimately decided to retain this word because, as is understood it does not lead to such repercussions as my Hon'ble friends on the other side think it would. So, with the explanation of Sri Nagan Gowda and in view of the fact that the categories of societies that are just now enumerated, such as Mahila Co-operative Societies or Graduates' Co-operative Societies that have to be covered, I state once again that this clause is necessary and the word 'class' need not be understood in that very narrow or regional sense.

Mr. DEPUTY SPEAKER.—The question is:

'In sub-clause (1) for the words "the Registrar may from time to time specify" the words "may be prescribed" shall be substituted.'

The motion was adopted.

Mr. DEPUTY SPEAKER.—The question is:

"That item (d) of sub-clause (2) shall be deleted."

The motion was negatived.

Mr. DEPUTY SPEAKER.—The question is:

"That Clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Mr. DEPUTY SPEAKER.—Clause 7

Sri K. KENCHAPPA.—I beg to move:

'That items (c) and (e) of sub-clause (1) shall be deleted.'

'In sub-clause (2) the words "as may be prescribed" occurring towards the end shall be deleted.'

Mr. DEPUTY SPEAKER.—Amendment moved:

'That items (c) and (e) of sub-clause (1) shall be deleted.'

'In sub-clause (2) the words "as may be prescribed" occurring towards the end shall be deleted.'

†Sri K. KENCHAPPA.—The intention in removing sub-clause (1) subsidiary clauses (c) and (e) is this: the subsidiary clause reads as follows;

"If the Registrar is satisfied that the aims of the proposed society are not inconsistent with the principles of social justice..."

The words used are "social justice". Who is to judge whether the aims or objectives proposed by the Co-operative Society of a particular area satisfy the conception or principles of social justice? It is not defined in this Act and it is also capable of much mischief. Merely by incorporating these two words "social justice" the Registrar may condemn or refuse to register a Co-operative Society if it does not suit his taste or if he is not willing to get the society registered. Further in sub-clause (e) it is said:

"If the Registrar is satisfied that the proposed society complies with the requirements of sound business and has reasonable chances of success;"

Mr. DEPUTY SPEAKER.—Sri Kenchappa may continue after lunch. The House now rises and meets again at 10-30 A.M.

The House adjourned for Lunch at Ten of the Clock and re-assembled at Thirty Minutes past Ten of the Clock.

[DR. R. NAGAN GOWDA in the Chair]

†Sri K. KENCHAPPA.—Mr. Chairman, while proposing that items (c) and (e) of sub-clause (1) of Clause 7 should be deleted, my intention is this: it is very difficult to find out whether the aims of the proposed society conform to the conception or principles of social justice or not. Supposing for argument's sake such a proposition is placed before two eminent Judges who can interpret not only the provisions of law but also the instances, in their own capacity, could they agree? Is there any possibility of two Judges agreeing in this respect? There have been decisions of various High Courts offering different opinions on different occasions. Therefore this is a conception difficult for materialisation. Another point. In clause (e) it is stated:

“That the proposed society complies with the requirements of sound business and has reasonable chances of success.”

How can you calculate whether the proposed society complies with the requirements of sound business and is capable of reasonable chances of success? These are the circumstances which prompted the Registrar in previous years to refuse to register a society. Supposing for argument's sake a person outside the office, a military man, say a Lieutenant, is appointed as a Registrar of Co-operative Societies...

Sri M. C. NARASIMHAN.—How can it be done?

Sri K. KENCHAPPA.—There is no prescribed qualification. Persons from the Revenue Department or some other department are being drawn and appointed as Registrars. The I.G.P. may be appointed as Registrar of Co-operative Societies. Persons who have no knowledge of economics may be appointed. Therefore no qualification is prescribed specially for being appointed as Registrar. So these two conceptions are capable of much mischief. As already stated by the Minister, all these aspects are being conceived and considered but many times it brought forth nothing. These clauses which are capable of mischief have been retained in spite of protests. If

these clauses are continued, there will be no scope for limiting the power of the Registrar. Therefore I think these clauses ought to be deleted.

There is another amendment and that is to sub-clause (2): ‘the words “as may be prescribed” may be omitted’. If I read the sub-clause as at present it runs as follows:

“Where the Registrar refuses to register a co-operative society, he shall communicate the order of refusal together with the reasons therefor to such of the applicants as may be prescribed.”

The words “as may be prescribed” under the rules will have reference to such of the applicants whose applications have been registered. What kind of rules or what kind of qualifications may be prescribed surpasses one's imagination. If an application to register a society is rejected by the Registrar, an endorsement is given. What purpose does it serve by retaining the words “as may be prescribed”? Therefore these may be deleted. We may of course infer what social justice is, but it is incapable of being reduced to precise definition. I suggest that instead we can use the word ‘natural’, which would suit our requirements.

Sri G. VENKATAGOWDA.—I do not accept Sri Kenchappa's amendment in relation to sub-clause (c). About the other amendment, I do not understand why the words “as may be prescribed” should be retained. If an applicant seeks registration and the Registrar refuses, then he is bound to communicate the refusal. I do not know why any rules should be prescribed for this. I endorse Sri Kenchappa's amendment in this respect.

†Sri MALI MARIAPPA.—Sir, the words ‘social justice’ are well-understood. So are the words ‘reasonable chance of success’. I therefore feel that sub-clauses (c) and (d) should remain as they are.

So far as the other amendment is concerned, I submit that sometimes the promoters or applicants seeking registration will be several and numerous. The clause only seeks to prescribe the

method in which certain persons asking for registration may be intimidated. I therefore oppose the amendments.

Mr. CHAIRMAN.—The question is:

1. Items (c) and (e) of sub-clause (1) shall be deleted.

2. In sub-clause (2) the words “as may be prescribed” occurring towards the end shall be deleted.

The motion was negatived.

Mr. CHAIRMAN.—The question is:

“That Clause 7 stand part of the Bill.”

The motion was adopted.

Clause 7 was added to the Bill.

Mr. CHAIRMAN.—Clauses 8 to 10.

The question is:

“That clauses 8 to 10 stand part of the Bill.”

The motion was adopted.

Clauses 8 to 10 were added to the Bill.

Mr. CHAIRMAN.—Clause 11.

Sri K. S. SURYANARAYANA RAO.—I beg to move:

‘In paragraph (a) of sub-clause (4) after the words “has been” the words “or deemed to have been” shall be inserted.’

Mr. CHAIRMAN.—Amendment moved:

‘In paragraph (a) of sub-clause (4) after the words “has been” the words “or deemed to have been” shall be inserted’.

†Sri K. S. SURYANARAYANA RAO.—This amendment is necessary because under sub-clause 3, wherever a member does not exercise his option within the period specified, he shall be ‘deemed to have assented’ to the change. Therefore in order to clarify, such a provision is necessary in sub-clause 4(a) also.

Sri G. VENKATAI GOWDA.—I oppose the amendment for the simple reason that the purpose of the amendment is already fully covered under sub-clause (4) of Clause 4. There is no necessity of making an addition here.

Sri MALI MARIAPPA.—I accept the amendment because the intention is to make the clause more clear.

Mr. CHAIRMAN.—The question is:

‘In paragraph (a) of sub-clause (4) after the words “has been” the words “or deemed to have been” shall be inserted.’

The motion was adopted.

Mr. CHAIRMAN.—The question is:

“That Clause 11 as amended stand part of the Bill.”

The motion was adopted.

Clause 11 as amended was added to the Bill.

Mr. CHAIRMAN.—Clause 12.

Sri K. KENCHAPPA.—I beg to move:

1. At the end of item (ii) of sub-clause (2) the words “as prescribed by rules” shall be added.

2. Items (iii) and (v) of sub-clause (2) shall be deleted.

Mr. CHAIRMAN.—Amendment moved:

1. At the end of item (ii) of sub-clause (2) the words “as prescribed by rules” shall be added.

2. Items (iii) and (v) of sub-clause (2) shall be deleted.

†Sri K. KENCHAPPA.—Under the clause as found in the Bill, the Registrar has to accept or reject amendments keeping in view such things as ‘co-operative principles’, ‘requirements of sound business’ etc. My submission is that the Registrar should not have such wide powers of discretion and the rules to be framed hereafter should contain definite directives as to what is meant by ‘co-operative principles’ and ‘requirements of sound business’. Even if the present clause is deleted, I do not see how the work of the Registrar would be impeded; he would still be entitled to accept or reject amendments. I would also submit that the clause, if permitted to go into the Act as it stands now, would result in a lot of mischief and the Registrar would at his sweet will and pleasure accept or reject amendments, because the words in the clause are capable of any kind of interpretation.

Sri M. C. NARASIMHAN.—Sir, I rise to support the amendment. The clause seeks to delegate authority to the Registrar and it is very necessary that the Registrar should be made to understand the principles on which he can act. The rules should give him proper guidance and things should not be entirely left to his will. Moreover, Members of the Legislature should also know what the principles are, as otherwise we would be deprived of expressing our views on such a vital and important matter.

Sri MALI MARIAPPA.—The general principles guiding co-operative movement are well-understood. Secondly, the bye-laws cannot be inconsistent with this Act. This clause is purely consequential and in view of the fact that we have already accepted Clause 7, this clause cannot be opposed now.

Mr. CHAIRMAN.—The question is:

‘1. At the end of item (ii) of sub-clause (2) the words “as prescribed by rules” shall be added.

2. Items (iii) and (v) of sub-clause (2) shall be deleted.’

The motion was negatived.

Mr. CHAIRMAN.—The question is:

“That clause 12 stand part of the Bill.”

The motion was adopted.

Clause 12 was added to the Bill.

Mr. CHAIRMAN.—The question is:

“That Clause 13 stand part of the Bill.”

The motion was adopted.

Clause 13 was added to the Bill.

Mr. CHAIRMAN.—Clause 14.

Sri G. VENKATAI GOWDA.—Sir, I beg to move:

‘That in clause 14 in sub-clause (3) the words “and no such resolution shall have any effect unless approved by the Registrar” shall be deleted.’

Mr. CHAIRMAN.—Amendment moved:

‘In clause 14 in sub-clause (3) the words “and no such resolution shall have any effect unless approved by the Registrar” shall be deleted.’

Sri G. VENKATAI GOWDA.—Sir, if when the resolutions are forwarded to the Registrar, his approval is a formal matter, then there is no objection on my part to retain this clause, but if there is any discretionary power given to the Registrar to refuse the resolutions sent to him then only I object to the retention of this clause. If the Minister clarifies that there is no discretion on the part of the Registrar and he will approve all resolutions sent to him, then I have no objection to the clause.

Sri MALI MARIAPPA.—So far as approval is concerned, in some cases it will be formal and in some cases the Registrar will go into the merits of the case also because ultimately he has to satisfy himself whether the resolution is *bona fide* or not. So this clause is there to ensure the safety of the society. So I cannot accept the amendment.

Sri G. VENKATAI GOWDA.—I want to withdraw the amendment.

The amendment was, by leave, withdrawn.

Mr. CHAIRMAN.—The question is:

“That Clauses 14 and 15 stand part of the Bill.”

The motion was adopted.

Clauses 14 and 15 were added to the Bill.

Mr. CHAIRMAN.—Clause 16.

Sri K. KENCHAPPA.—Sir, I beg to move:

“In clause 16, item (c) of sub-clause (1) shall be deleted.”

Mr. CHAIRMAN.—Amendment moved:

“In clause 16, item (c) of sub-clause (1) shall be deleted.”

Sri K. KENCHAPPA.—Sir, my intention is that while taking shares of the society the Government should not become a partner of the society. The present clause reads:

“No person shall be admitted as a member of a co-operative society except the following, namely—

(a) an individual competent to contract.....

(b) any other co-operative society;

(c) the State Government....."

Government is the agency which has got to see to the welfare of co-operative societies under a democratic set-up. The principles of democracy will certainly come into conflict with the idea of Government taking shares in co-operative societies and becoming partners in those societies.

The next point is that Government are the appointing authority of the Registrar. So if Government takes a share and becomes a partner in societies it conflicts with the above idea. Probably some of my friends here may be surprised why I am coming in the way of Government helping co-operative societies by taking shares in them. No, I am not doing that. What I want to say is that this is not the only method by which Government can assist co-operative societies, but there are many other methods also by which Government can do that and they are mentioned in this very Act itself. So it is not necessary that Government should take shares and become a partner in the societies. The fundamental principle of co-operative societies as enunciated since 1904 is that there shall be no unnecessary interference by Government in the administration of co-operative societies. So if Government were to become a partner, it becomes too much interference in the affairs of co-operative societies because by virtue of their becoming a partner in the societies they nominate some of their officers on the committee of the society which is the governing body.

Another point is that Government can nominate any number of members on the Committee by virtue of their being partner of the society and all of them are entitled to vote. Whereas a private person who has taken a number of shares has got the right of one vote only irrespective of the number of shares held by him. He does not have the right to as many votes as the number of shares held by him. On the other hand, there is no limit placed on the Government nominating their members on the committee and all of them can have votes. This is in conflict with

the co-operative principles enunciated in the Act itself. There is a particular clause in the Bill which says that Government can nominate at least three members or one-fifth of the committee whichever is less. This shows that Government can interfere as they like. They can even nominate the President and the Secretary. Such being the case it is too much to expect that such institutions are run essentially on principles of democracy. So I say that the State Government should not be allowed to become partners of co-operative societies.

Sri M. C. NARASIMHAN.—Sir, it looks from the wording of clause 16 (1) that the State Government is not in the same position as other members and that there is an exception made in the case of the State Government. This is something which I cannot understand. Clause 29 clearly says that the moment the State Government helps a co-operative society under sub-clauses (a) to (d) it would be placed in an extraordinary position apart from the other members. Other members are entitled only to particular representation whereas by clause 16 and 29 Government nominees have got extraordinary rights which conflict not merely with co-operative principles but also democratic principles. Why should not the State Government be in the same category as other members is a thing which I fail to understand. So in view of this, I support Sri Kenchappa.

11 A.M.

Sri MALI MARIAPPA.—Here it is only an option that is given to a society. If a society does not want any kind of assistance whatsoever from Government, they are free to do so and depend upon their own capital. For such of the institutions as go in for Government assistance, there must be an enabling provision.

Regarding the quota reserved for nomination because the Government becomes a share-holder, it is practically not a very effective quota that is reserved. So I oppose this amendment.

Mr. CHAIRMAN.—Now I put the amendment to vote. The question is:

“That in Clause 16, item (c) of sub-clause (1) shall be deleted.”

The motion was negatived.

Mr. CHAIRMAN.—The question is:

“That Clause 16 stand part of the Bill.”

The motion was adopted.

Clause 16 was added to the Bill.

Mr. CHAIRMAN.—Clause 17.

Sri K. KENCHAPPA.—Sir, I move:

‘That in clause 17, for items (a) and (b) of sub-clause (1) the following shall be substituted, namely:

“(a) has no ostensible means of livelihood being a political vagabond, against whom there is scope for proving that he is mainly living on swindling public amounts;

“(b) is a suspect fit to be placed in surveillance register due to un-explainable movements with persons in power to make undeserving bargain to himself or his associates at the cost of the public.”’

‘That sub-clauses (2) and (3) shall be deleted.’

Mr. CHAIRMAN.—Amendment moved:

‘That in clause 17, for items (a) and (b) of sub-clause (1) the following shall be substituted, namely:

“(a) has no ostensible means of livelihood being a political vagabond, against whom there is scope for proving that he is mainly living on swindling public amounts;

“(b) is a suspect fit to be placed in surveillance register due to un-explainable movements with persons in power to make undeserving bargain to himself or his associates at the cost of the public.”’

‘That sub-clauses (2) and (3) shall be deleted.’

Sri G. VENKATAI GOWDA.—Sir, I move:

“That in item (b) of sub-clause (1) for the word ‘five’, the word ‘two’ shall be substituted.”

“That in sub-clause (3), for the words ‘any other such’, the word ‘similar’ shall be substituted.”

Mr. CHAIRMAN.—Amendment moved:

“That in item (b) of sub-clause (1) for the word ‘five’, the word ‘two’, shall be substituted.”

“That in sub-clause (3), for the words ‘any other such’, the word ‘similar’ shall be substituted.”

Sri K. S. SURYANARAYANA RAO.—Sir, I move:

‘That in sub-clause (3) and the Explanation, the word “Primary” in the first line shall be omitted.

‘That in sub-clause (3) the word ‘such’ occurring in line 3 shall be omitted.’

Mr. CHAIRMAN.—Amendment moved:

‘That in sub-clause (3) and the Explanation, the word “Primary” in the first line shall be omitted.’

‘That in sub-clause (3) the word ‘such’ occurring in line 3 shall be omitted.’

†Sri K. KENCHAPPA.—This is one of the important clauses in the Co-operative Societies Bill, which provokes much thought because in my opinion the two sub-clauses do not deserve to be retained for the reason that the words “adjudicated an insolvent or is an undischarged insolvent” do not give any sense to debar them from becoming members. The clause reads like this:

“(1) No person shall be eligible for admission as a member of a co-operative society, if he—

(a) has applied to be adjudicated an insolvent or is an undischarged insolvent;”

I do not understand why a person who has applied to be adjudicated an insolvent or a person who is an undischarged insolvent, should not be allowed to become a member of the co-operative society. Becoming a member of the society does not ruin him. He would take a share in it and become a member. No doubt he will have a vote in the annual general

meeting. What I say is that insolvency does not affect his character in all circumstances. A person who is a very honest dealer becomes insolvent because he sustains loss. He goes to court and applies that he should be declared an insolvent. How does it affect his character? Take the case of convicts. Some undergo the sentence of transportation for life. They commit crime once in a way in the heat of the moment. Their character is certainly better than that of the person who is a habitual criminal. People undergoing various sentences of imprisonment infuse such confidence in the jail authorities that they are made to take part in the administration of jail to a very great extent. A person subjecting himself to some impulse commits crime against any person or may cause some serious injury, which will become a cause for convicting him and sentencing him to undergo imprisonment for one or two years. That would not affect his character excepting to an extent that he should not have become subject to impulse and lost his balance of mind. What is the deciding factor under which we have got to take into consideration the character of a person in order to deny him the chance of becoming a member of the society?

I shall read (1) (b) :

"No person shall be eligible for admission as a member of a co-operative society, if he—

(b) has been sentenced for any offence, other than an offence of a political character or an offence not involving moral turpitude, such sentence not having been reversed or the offence pardoned and a period of five years has not elapsed from the date of expiry of the sentence."

If a person is sentenced for any offence and if that is not an offence of a political character or an offence involving moral turpitude and if such offence has not been reversed or the offence pardoned and five years have not elapsed from the date of expiry of the sentence, the person concerned will have no chance of becoming a member of a co-operative society

after the termination of the sentence. If five years have not elapsed, then he is debarred from becoming a member, though he wants to become a member. Therefore, I submit that these two items (a) and (b) do not deserve to be placed in the statute and must be removed and if they are to be retained I submit that it would serve no useful purpose and that it would virtually amount to the denial of an opportunity to a person to become a member. The statute is to be framed in a negative form. The framers will have to be more careful and they have got to assign greater reason in order to retain those two items. Therefore, my submission is that they are to be deleted and in place of them I have proposed that two items as indicated in my amendment be inserted. Here the intention is this. During recent days there has been so much of movement in the society so as to cause a nuisance to the public. There are very many persons who have no ostensible means of livelihood and they always go from office to office and from place to place and they get so many things for their benefit or for the benefit of their associates. Their movements must be watched. It is very easy to trace them. We are seeing many people going from door to door and office to office every day with a small leather bag in their sleeves. They do not have ostensible means of livelihood. On the other hand, how to find out whether an offence is in the nature of a political offence or not? Who has to define it? Today, some people want to offer Satyagraha. That means going against the established law, and such persons will be punished. The point is how to decide whether such an act is of the political nature or not. It is within our knowledge that while we were offering Satyagraha, we cut sandalwood trees and all those things, and we had not stopped at that. During the war we will adopt so many things which are fundamentally bad; so many buildings will be blown up. Such being the case, tomorrow some other form of Satyagraha may be adopted by some persons, because at the time of chaotic conditions that prevail, people lose their

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balance. We are human beings and not sanyasis and we are interested in the development of society; we are seeing everyday that so many things which are not helpful to the society are going on; when people are infuriated, they want to take law into their own hands and achieve their objects. The present Government may think that it is not of a political nature and they should have taken all constitutional methods. But when all constitutional methods have been frustrated and when all constitutional methods have been disregarded, how then should the public take to constitutional methods?

That takes the character of satyagraha of a political nature. The conception that I have been proposing is already there in the Police Manual. Under that the Police have got a right to follow and they have got a right to know how he is living. It is for the Government to make some arrangements to see that persons who are not eking out livelihood in the way others are doing and whose means of livelihood are so abstract and cannot be traced, are not allowed. Such being the case, these two clauses must be retained. These are elements which have become a nuisance to society. We can tolerate stinking nauseating smell in a particular locality, but the entire society, entire Mysore State is filled up with this nauseating atmosphere. Such people who are creating such nauseating atmosphere should not be allowed to become members of a co-operative society. This is intended to serve the cause of the public. Therefore I believe that this Hon'ble House and Members of this House will accept this amendment and will retain it.

†Sri G. VENKATA GOWDA.—So far as my amendment is concerned, I would like to say this. Prohibiting a person from becoming a member for five long years is not justified. There are quite a number of offences which might have been committed in good faith or the force of circumstances may involve moral turpitude. For instance, the act of a young man taking away

his minor wife from custody without the permission of parents is likely to amount to kidnapping, or dishonest intention on the part of the person. Such offences do occur and therefore to keep such persons away from the institution for five long years would be unreasonable and therefore I suggest that it may be reduced to two years. That is my amendment so far as that part is concerned. So far as sub-clause 3 is concerned, instead of 'any other', I have suggested 'similar' because as it stands, if a member desires to become a member of a credit society and also a member of a co-operative society or a land mortgage bank, it is very difficult for him to acquire membership of these institutions simultaneously. Therefore, to facilitate him to become a member of a credit society and a land-mortgage bank or a rural industrialisation society, the word 'similar' should be inserted there. It is not a serious matter and it will facilitate persons to acquire membership in different kinds of society, and that will not come in the way of his becoming a member of a different kind of society. Therefore, I request the Minister to accept the amendment because the Government will not lose anything by accepting it and the present provision is inconsistent with the existing principles of natural justice. I therefore submit it for the acceptance of the Hon'ble Minister.

Sri B. L. NARAYANASWAMY (Mulbagal).—I would like to support the amendment. The disqualifications mentioned in Clause 17 are opposed to natural justice. Supposing an honest member becomes poor and he applies for insolvency, then should he not become a member of society and improve his lot? Why should you refuse membership for such a person?

Sri K. S. SURYANARAYANA RAO.—Insolvency law will not permit him to make money transactions.

Sri B. L. NARAYANASWAMY.—If he is an undischarged solvent, he can become a member of a society.

Sri S. D. KOTHAVALA (Chikodi).—At best it is very difficult to admit such persons as members of a society.

Sri B. L. NARAYANASWAMY (Mulbagal).—According to sub-clause (3) of clause 17, it will be very difficult for a person to become a member of two or three societies. Supposing there is an Industrial Society to grant loans for industries, another society for granting loans for agricultural improvements; if admission is restricted to only one it will be really a hardship. Better, admission is allowed to as many societies as are possible. So this sub-clause may be removed in its entirety.

Sri MALI MARIAPPA.—I am really surprised at the vast sympathy extended to insolvents. They have got several disabilities cast by law and I do not know why they should be taken as members of a co-operative society. That is a disqualification which is generally known. Generally the insolvents are not admitted as members to any society. They must be debarred from becoming members of a society.

So far as the other disqualification is concerned, namely, people having been convicted by a court of law for offences involving moral turpitude, five years is a reasonable period. No doubt my friend Sri Venkatai Gowda gave out a case but that is a very rare case. He must know there are several offences involving moral turpitude and we have to exclude such cases and a period of five years is advisedly put so that it will be a reasonable period for him to reform himself. So I cannot accept this amendment reducing the period to two years.

So far as Sri Suryanarayana Rao's amendment is concerned, namely, omission of the words 'primary' and 'such' in sub-clause (3) and also the omission of the word 'primary' in the Explanation, I am agreeable to accept it.

Mr. CHAIRMAN.—The question is:

'That in sub-clause (3) the words "primary" and "such" occurring in lines 1 and 3 respectively shall be deleted.'

The motion was adopted

Sri K. S. SURYANARAYANA RAO.—The word 'primary' will be omitted in the Explanation consequentially.

Mr. CHAIRMAN.—I shall put the amendment of Sri G. Venkatai Gowda. The question is:

'That in item (b) of sub-clause (1) for the word "five" the word "two" shall be substituted.

'That in sub-clause (3), for the words "any other such" the word "similar" shall be substituted.'

The motion was negativ d.

Mr. CHAIRMAN.—I shall put the amendment of Sri K. Kenchappa. The question is:

'For items (a) and (b) of sub-clause (1) the following shall be substituted namely:

"(a) has no ostensible means of livelihood being a political vagabond, against whom there is scope for proving that he is mainly living on swindling public amounts;

(b) is a suspect fit to be placed in surveillance register due to unexplainable movements with persons in power to make undeserving bargain to himself or his associates at the cost of the public."

"That sub-clauses (2) and (3) shall deleted "

The motion was negatived.

Mr. CHAIRMAN.—The question is:

"That clause 17, as amended, stand part of the Bill."

The motion was adopted.

Clause 17, as amended, was added to the Bill.

Mr. CHAIRMAN.—Clause 18. There is an amendment by Sri K. S. Suryanarayana Rao.

Sri K. S. SURYANARAYANA RAO.—Sir, I move:

'That (1) the following words shall be added at the end of sub-clause (1):

"Who shall not together exceed ten per cent of the total membership of the society".

(2) Sub-clause (2) shall be deleted.'

Mr. CHAIRMAN.—Amendment moved :

‘That (1) the following words shall be added at the end of sub-clause (1) :

“Who shall not together exceed ten per cent of the total membership of the society”.

(2) Sub-clause (2) shall be deleted.’

Sri G. VENKATAI GOWDA.—I have also an amendment.

Mr. CHAIRMAN.—Your amendment cannot be admitted. You can oppose the entire clause when it is put to the House.

Sri K. S. SURYANARAYANA RAO.—While moving my amendment I wish to say a few words. So far as my amendment regarding the deletion of sub-clause (2) is concerned, I only wish to say that a nominal member is a person who is not entitled to become an officer of the society or who is not entitled to share the profit and loss of the society and so what is the use of having such a person as an honorary member of the society? If you are giving them any functions in the society I can understand their being in the society. In case it is decided to have nominal as well as associate members, the number should be kept at the minimum and I have therefore suggested that it should be not exceeding ten per cent as otherwise the nominal and the associate members together may be much more than the members enrolled by the society. Therefore some restriction on the number of such members is very necessary and I request the Government to please consider and accept my amendment.

Sri M. C. NARASIMHAN.—May I know whether the amendment is in order because it runs counter to the headline of the clause? The Select Committee have suggested that there should be two categories nominal and associate and as such the amendment can only suggest a change in the character of a nominal member but not the deleting of the entire category.

Mr. CHAIRMAN.—His amendment is not for the deletion of the clause but in regard to the number. So it is in order.

Sri S. D. KOTHAVALA.—May I point out the scope of the debate under rules 77 and 78 of the Rules of Procedure and Conduct of Business in the Mysore Legislative Assembly? There is nothing which prevents an Hon'ble Member from moving an amendment to any clause to a Bill as reported by the select Committee.

Sri G. VENKATAI GOWDA.—So far as sub-clause (2) is concerned, I support the amendment moved by Sri Suryanarayana Rao. We should not make any distinction between members of a co-operative society as it is a people's movement. All those persons who are enrolled as members in the co-operative society should have equal rights and such being the case no purpose will be served by admitting nominal or associate members. Hence I request that sub-clause (2) be deleted.

Sri MALI MARIAPPA.—I am not accepting this amendment for the reason that the present State consists of five different parts wherein different enactments are in force. Some practices have developed in certain regions where it is not possible to do away with the system all on a sudden. This matter was thoroughly discussed in the Joint Select Committee and it was not found feasible.

So far as the other part of the amendment to reduce the membership to ten per cent is concerned, it is also not acceptable.

So I oppose these amendments.

Sri K. S. SURYANARAYANA RAO.—I am not pressing the amendment. I withdraw it.

The amendment was, by leave, withdrawn.

Mr. CHAIRMAN.—The question is :

“That Clauses 18 and 19 stand part of the Bill.”

The motion was adopted.

Clauses 18 and 19 were added to the Bill.

Mr. CHAIRMAN.—Clause 20. There is an amendment by Sri K. Kenchappa.

Sri K. KENCHAPPA.—Sir, I move :

“That item (b) of clause 20 be deleted.”

Mr. CHAIRMAN.—Amendment moved :

“ That item (b) of clause 20 be deleted.”

Sri K. KENCHAPPA.—By moving this amendment.....

Sri K. S. SURYANARAYANA RAO.—I rise to a point of order. Sri Kenchappa's amendment seeks to do away with the membership of the State Government in a co-operative society or the State Government participating in the Co-operative movement. When this House has negatived such a suggestion throughout the Bill, I am afraid we will not be competent to debate it.

Mr. CHAIRMAN.—The amendment is in order. The Hon'ble Member Sri Kenchappa may proceed.

11-30 A.M.

Sri K. KENCHAPPA.—The intention of the clause seems to be that Government also may become a share-holder and partake in the administration of the societies. The other provisions of the Bill clearly stipulate that one member shall have only one vote irrespective of the number of shares held by him. Why should we attempt to lay down a different standard in respect of the Government? Why should the Government have the right to nominate as many as three members to three Managing Committee? This violates the fundamental principles contained in the co-operative movement. With what conscience can we accept this? If the matter goes before a court, the provision may not stand judicial scrutiny and the court is bound to think poorly of our capacity to legislate. I therefore completely disassociate myself with this clause. I hope the Government would not blindly stand behind the majority they command and would see reason and light and accept the amendment proposed by me.

Sri M. C. NARASIMHAN.—Sir, I support the amendment. This clause militates against the spirit of voluntariness which we have accepted. The Government is entitled under the present clause to nominate

three, members or one-third of the total whichever is less. Under Section 29 Government could nominate three members, whether they have participated in the share capital or not. This is an unnecessary and unwarranted interference in the co-operative movement. Why should we discriminate between an ordinary investor in the society and the Government?

Sri MALI MARIAPPA.—I have already submitted that some of the societies may seek State assistance. It is only when such assistance is sought and given, that Government would get a right of nominating either three members or one-third of the number of members on the management, whichever is less. If we nominate three members, then each of them should necessarily have a vote. In any case, we are not entitled to nominate more than one-third of the total number in the management and in such circumstances, I do not know how some Hon'ble Members imagine that one-third would be able to override and drown the voice of two-thirds. It cannot therefore amount to an unwarranted or unnecessary interference, as described by some of the Members. I therefore oppose the amendments.

Mr. CHAIRMAN.—The question is :

“ Item (b) of clause 20 be deleted.”

The motion was negatived.

Mr. CHAIRMAN.—The question is :

“ That Clause 20 stand part of the Bill.”

The motion was adopted.

Clause 20 was added to the Bill.

Mr. CHAIRMAN.—Clause 21.

Sri MALI MARIAPPA.—Sir, before Sri Kenchappa moves his amendment, I would like to submit that he was a member of the Select Committee on this Bill. He has expressed his dissent on certain clauses, in respect of which he has sent in amendments. It therefore follows that he has given his consent to such of the clauses for which he has not expressed dissent in the Committee. Would it therefore be

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open to the Hon'ble Member to move amendments to the clauses which he has by implication accepted in the Committee?

SRI M. C. NARASIMHAN.—I do not think it is necessary for the member to take the course suggested by the Minister. The fact that a member has appended his minute of dissent does not deprive him of his other rights. There is nothing in the rules preventing him from moving amendments to other clauses. At best, on the ground of propriety it may be said that he need not move amendments to other clauses, but we cannot take away the right of a member to move amendments to any clause he likes.

MR. CHAIRMAN.—Normally the member of a Select Committee who has given a minute of dissent has to restrict himself to the clauses to which he has given minute of dissent. It is very rarely that such members send amendments to other clauses because those clauses are fully discussed in the Select Committee itself. Now that he has chosen to send amendments to other clauses also, I would only request him to be brief in his remarks as that would save the time of the House.

SRI K. KENCHAPPA.—I beg to move the following amendments:

(1) In line (3) of item (a) of sub-clause (2) of clause 21, the following words shall be added after the words "its members to vote,"

"Or to act or take steps for or in furtherance of the purpose in the affairs of that other society to which he may be deputed."

(2) The words "on its behalf in the affairs of that other society" in line (3) of item (a) of sub-clause (2) shall be deleted;

(3) In item (b) of sub-clause (2) the following words shall be added after the words "may vote":—

"Or act or take steps for or in furtherance of the purposes in the affairs of that other society to which he may be deputed."

(4) The words "on its behalf in the affairs of the Society" shall be deleted."

MR. CHAIRMAN.—Amendment moved:

1. In line (3) of item (a) of sub-clause (2), the following words shall be added after the words "its members to vote,"

"Or to act or take steps for or in furtherance of the purposes in the affairs of that other society to which he may be deputed."

2. The words "on its behalf in the affairs of that other society" in line (3) of item (a) of sub-clause (2) shall be deleted;

3. In item (b) of sub-clause (2) the following words shall be added after the words "may vote":—

"Or act or take steps for or in furtherance of the purposes in the affairs of that other society to which he may be deputed."

4. The words "on its behalf in the affairs of the Society" shall be deleted."

†SRI K. KENCHAPPA.—Sir, sub-clause (2) reads thus:

"Notwithstanding anything contained in sub-section (1),—(a) a co-operative society which is a member of another co-operative society may, subject to any rules made under this Act, appoint one of its members to vote on its behalf in the affairs of that other society;"

Suppose a primary co-operative society in a taluk is a member of the Land Mortgage Bank in Bangalore and that society deposes a person for the general body meeting of the Land Mortgage Bank as its delegate. The most surprising thing is that by this clause he has only the right to vote and not to speak on the proposition before the meeting. To quote an instance, a person from Coorg was deputed by a primary society there to the meeting of the Land Mortgage Bank as its delegate at the general body meeting and he wanted to speak on the proposition before the meeting, but he was

asked by the President that he had the right only to vote and not to speak on the proposition. It is very strange to hear that a delegate who has the right to vote has not the right to speak. The President has got the right to snub any member and prevent him from talking. This appears to be merely all a matter of show.

Sri C. J. MUCKANNAPPA.—When I have got the right to vote, am I not entitled to express my views? How can my mouth be gagged?

Sri K. KENCHAPPA.—Even I had the same impression, but the strict interpretation of the wording is that I have only the right to vote and not the right to talk. Our dictionary is all-comprehensive and there is no dearth of words to express our intention very clearly. I have been an eye-witness to a ruling given by the President of a meeting denying the right to talk. How can you overcome that? Can it be said that "vote" also includes the right of speech? No. So the wording that we use in the enactment should not leave any room for any doubt or a different interpretation. This question was raised even in the Appellate Court and the Court went to the extent of saying that this was a simple word and did not give any scope for a wider interpretation to include the right to talk also. The Court has further said that if the right to talk also is to be claimed then the Act has to be amended accordingly. We have to take note of this when we are enacting this legislation afresh. There is no question of adding this either in the rules or the bye-laws. You cannot add anything to the rules or the bye-laws against the spirit of the Act. So I have moved my amendment to give also the right to speak along with the right to vote. I hope that this amendment will receive the favourable consideration of the House and the Government.

Sri M. RAMAPPA (Harihar).—The heading very clearly indicates the purpose of the clause, the manner of exercising vote and so it is to that extent the sentences are there. It is perhaps to vote on its behalf in the affairs of the other society. And so my learned friend cannot say that all

these amendments are necessary in this clause. The purpose of the section is very clearly laid down by these two clauses.

Sri S. D. KOTHAVALA.—As far as I see, the power to vote includes power to participate in all the affairs and the participation is there.

Sri K. KENCHAPPA.—I want to know whether we have got to talk from our memory or consider the spirit that is conveyed by the words incorporated in the clause. Only the clause will be interpreted in the court and during the course of operation. Such being the case, the concept of vote with reference to the affairs—will it convey a better meaning than this? Commonsense varies from man to man. Therefore, we have got to see what is the proper meaning that you should attach for this clause.

Sri MALI MARIAPPA.—My friend is again repeating. This was also repeated in the Joint Select Committee.

Mr. CHAIRMAN.—Now I shall put the amendment to vote. The question is:

‘1. That in line (3) of item (a) of sub-clause (2), the following words shall be added after the words "its members to vote,"

“Or to act or take steps for or in furtherance of the purposes in the affairs of that other society to which he may be deputed.”

2. That the words “on its behalf in the affairs of that other Society” in line (3) of item (a) of sub-clause (2) shall be deleted.

3. That in item (b) of sub-clause (2) the following words shall be added after the words “may vote” :—

“Or act or take steps for or in furtherance of the purposes in the affairs of that other society to which he may be deputed.”

The motion was negatived.

Mr. CHAIRMAN.—I shall put to vote Clause 21. The question is:

“That Clause 21 stand part of the Bill.”

The motion was adopted.

Clause 21 was added to the Bill.

Mr. CHAIRMAN.—Clause 22.

Sri K. KENCHAPPA.—I do not propose to move my amendment in respect of this Clause.

Mr. CHAIRMAN.—The question is:

“That Clause 22 stand part of the Bill.”

The motion was adopted.

Clause 22 was added to the Bill.

Mr. CHAIRMAN.—Clause 23.

Sri K. KENCHAPPA.—I move:

“That item (b) of sub-clause (2) shall be deleted.”

Mr. CHAIRMAN.—Amendment moved:

“That item (b) of sub-clause (2) shall be deleted.”

†Sri K. KENCHAPPA.—Sub-clause (2) (b) reads like this:

“No transfer by a member of his share or interest in a co-operative society shall be valid unless—

(b) the transfer is made to a member of the society;”

The intention according to the framers of the Bill is that when a transfer of a share is made, it must be transferred only to an existing member and if a transfer is made to a person who is not an existing member of the co-operative society, then it will not be a valid transfer. In my opinion, it is nothing short of monopoly. Suppose for argument's sake a co-operative society consists of 25 members as its shareholders one of whom wants to transfer his share to some other person and they are not willing and they insist that the share must be transferred only to the existing members. Suppose for argument's sake, a co-operative society has started with a limited capital of Rs. 2 lakhs and the total number is 25 and each member subscribes an equal number of shares and the society itself has limited number of 25 members; suppose one of the members wants to transfer his share or shares to some other person; the other members feel that the management would go to the

hands of other people and that they may do whatever they want. This is nothing short of monopoly and this must be avoided and this is against the spirit of the co-operative movement. Of course, there must be a limit for a share-holder to sell his share either to some other share-holder or some other person. The other difficulty is, an individual member is allowed to purchase the share up to a certain limit. Suppose for argument's sake, the share capital of a society has been purchased in equal number of shares by all the persons. Supposing 1,000 is the maximum of the share amount subscribed and if 10 persons want to purchase shares, it would come to Rs. 10,000. Suppose one of them wants to sell away his share to somebody. He cannot sell; therefore, he is compelled to continue as a member and against his own will. What kind of democracy is there; what kind of principle, what kind of social justice is there? There must be scope for a share-holder to sell his share to somebody else, whether he is a share-holder or not.

Sri MALI MARIAPPA.—It is very clear that every person, provided he is not disqualified under those two clauses to which my friend has already referred, can become a member. The matter is so simple. Here the Section only states regarding transfer of a share held by one member. It may so happen that he may try to transfer his share in favour of an ex-convict in which case the society will not have an opportunity of examining that aspect of the matter. After all, if a person wants to enrol himself as a member, he is free to do so if he has not got those two disqualifications.

Sri K. KENCHAPPA.—In relation to the spirit of the Section I want a clarification. Can a share-holder transfer his share to a person who is not a member?

Sri MALI MARIAPPA.—He cannot do it according to this section. This restriction is very necessary because persons desirous of becoming members of any society are free to apply in the prescribed form and enrol themselves as members.

Mr. CHAIRMAN.—Now I shall put the amendment to vote. The question is :

“That item (b) of sub-clause (2) shall be deleted.”

The motion was negatived.

Mr. CHAIRMAN.—The question is :

“That Clause 23 stand part of the Bill.”

The motion was adopted.

Clause 23 was added to the Bill.

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Mr. CHAIRMAN.—Clause 24.

Sri K. KENCHAPPA.—I beg to move :

“That sub-clause 4 of Clause 24 be deleted.”

Mr. CHAIRMAN.—Amendment moved :

“That sub-clause 4 of Clause 24 be deleted.”

Sri Venkatai Gowda has got an amendment. He is absent. The amendment therefore lapses.

Sri K. KENCHAPPA.—In this case, I have to quote an incident so that it may become clear. Supposing for argument's sake, a person holding a share in a co-operative society dies and the share amount or the amount that may become due to him will have to be given. Supposing the co-operative society settles in favour of a person who applies; supposing that person is not legitimately entitled to get that amount and he is not the legal heir of the deceased person and the deceased person, for argument's sake, has left a will and that is not known to anybody. Under such circumstances, if the amount is given to him, how can you say that the court shall not interfere with the decision given by the Committee? How could you prevent a person from filing a suit against the co-operative society in order to realise the amount? So, let the Committee decide to whomsoever they want. But

let there be scope for the person who is really entitled to go to the court and claim the amount. Supposing if he does not go to the court at the time when the decision is still pending and the decision is taken by the Committee, then it will not prevent him from going to the court. Therefore, I think if the person goes to the court, we will be ridiculed because this clause will not be respected by the court. It offends the fundamental principles of common law. Therefore, in the fitness of things it deserves to be deleted.

Sri MALI MARIAPPA.—The relief given under this Section is based on an equitable doctrine, that if the amount involved is not more than Rs. 500, their claims must be settled quickly and also without much cost to them. With a view to facilitate that, this section is put in and to that extent when payments are made, the societies must have indemnity. Sub-clause (4) gives only that kind of indemnity which every society must have. Otherwise, they would not pay even sums below Rs. 500.

Mr. CHAIRMAN.—Now, I put the amendment to the vote of the House. The question is :

“That sub-clause 4 of Clause 24 be deleted.”

The amendment was negatived.

Mr. CHAIRMAN.—The question is :

“That Clauses 24 and 25 stand part of the Bill.”

The motion was adopted.

Clauses 24 and 25 were added to the Bill.

Mr. CHAIRMAN.—Clause 26.

Sri K. KENCHAPPA.—I beg to move :

“The following second proviso shall be added, namely,

“Provided further that nothing in the rules or bye-laws shall delegate powers to authorise the committee to frame subsidiary or other kinds of rules or bye-laws of any kind.”

Mr. CHAIRMAN.—Amendment moved:

‘The following second proviso shall be added, namely,

“Provided further that nothing in the rules or bye-laws shall delegate powers to authorise the committee to frame subsidiary or other kinds of rules or bye-laws of any kind.”’

†Sri K. KENCHAPPA.—I have not tabled amendments for the sake of tabling amendments. Supposing for argument's sake a Committee is given power to frame subsidiary rules and those subsidiary rules are framed in such a way as to interfere with the rights of the Committee Members, then they are bound by it because it is a statutory provision. The provision says that the supreme authority is the general body and supposing for argument's sake, the general body selects a Committee, and if it frames rules which are derogatory to the powers of the general body, then they need not be accepted by the general body. The experience I am having is this. In the Land Mortgage Bank, the Governing Body is given the power to frame subsidiary rules and the rules framed by the Government give the power to administer in all respects and all those powers given by the rules framed by the Government are taken away by the subsidiary rules framed by the Committee by which the powers are given to the Executive Committee consisting of nominated President, nominated Secretary and another nominated person. Therefore, the entire duty and responsibility of the Committee has been frustrated and powers are reduced to nil and only the Executive Committee is functioning. Today, all the responsibility will be borne by the Governing Committee. Therefore, by a substantive act, it is too much to give that power to frame subsidiary rules and it is derogatory and it offends the very principle of the co-operative movement because at one breath they have stated that the general body is the supreme authority and at another breath all those powers that may be exercised by the general

body may be taken away by framing subsidiary rules which will not even be passed by the general body. Such being the case, it is not in the interest of the society to retain such a clause. On the other hand, if the powers are given to an individual to exercise those powers in a particular way, the amendment does not seek to limit those powers. But the amendment seeks to limit the power of the Committee only for the purpose of framing the subsidiary rules in a way for the administration of the society. Therefore, the power to frame the rules should not be given to the Committee.

Sri MALI MARIAPPA.—Sir, the clause is very clear. In the very first part of it, it is the general body that is supreme. But there will be certain powers conferred upon the Committee, or the Secretary or an officer of the Society by rules and bye-laws and they are only accepted here. The amendment sought to be introduced by my learned friend seems to have some confusion and, so I oppose this amendment.

Mr. CHAIRMAN.—I put the amendment to the vote of the House. The question is:

‘That the following second proviso shall be added, namely,

“Provided further that nothing in the rules or bye-laws shall delegate powers to authorise the Committee to frame subsidiary or other kinds of rules or bye-laws of any kind.”’

The motion was negatived.

Mr. CHAIRMAN.—The question is:

“That Clause 26 stand part of the Bill.”

The motion was adopted.

Clause 26 was added to the Bill.

Mr. CHAIRMAN.—Clause 27. There is an amendment by Sri Suryanarayana Rao.

Sri K. S. SURYANARAYANA RAO.—I beg to move:

‘1. In line 4 of sub-clause (1), after the words, “for the time

being in force", the following words shall be added;

"which shall not be more than six months after the commencement of the financial year."

2. In line (2) of sub-clause (2), after the word "Registrar" for the word "may", the word "shall" shall be substituted.

3. In line (6) of sub-clause (2), for the word "exceeding" the words "less than" shall be substituted.

Mr. CHAIRMAN.—Amendment moved:

'1. In line 4 of sub-clause (1), after the words "for the time being in force", the following words shall be added:

"which shall not be more than six months after the commencement of the financial year."

2. In line (2) of sub-clause (2), after the word "Registrar" for the word "may", the word "shall" shall be substituted.

3. In line 6 of sub-clause (2), for the word "exceeding", the words "less than", shall be substituted.'

Sri K. KENCHAPPA.—I move the following amendment:—

'1. In sub-clause (1), for the words "A general meeting..... for the time being in force", the following words shall be substituted: "An annual general meeting of a Co-operative Society shall be held immediately after the close of the official year."

2. The following new items shall be added under sub-clause (1) as amended and the existing items (a), (b), (c) and (d) shall be relettered as (e), (f), (g) and (h) respectively:—

"(a) Scrutiny of the accounts and work of the Society of the previous year when the outgoing directors worked;

(b) For taking prompt steps on audit report of the accounts of the Society during the previous

year which were operated by the outgoing committee members;

(c) Consideration of the non-official resolutions sent 25 days earlier than the date of the annual general meeting;

(d) Consideration of the official resolutions selected by the committee at least 25 days before the annual general meeting."

3. In item (b) (item f as re-lettered) the words "other than nominated members" shall be deleted.

4. The words "in accordance with the bye-laws" in item (d) (item as re-lettered) shall be deleted.

5. The proviso at the end of sub-clause (1) shall be deleted.

6. The following sub-clauses shall be added:

"(3) The Registrar shall call a general meeting of the society if it is not called as stated above within one month from the last date of the third month after the official year, for the purpose of electing the members of the committee failing which the Registrar shall immediately become liable for disciplinary action for lapse of duty;

(4) The committee shall be competent to work and operate the accounts of the Society only during the official year and shall never be considered as committee of the Society after the end of the fourth month after the official year and any transaction and work done by them on behalf of the society shall be void and they make themselves liable personally for any transaction after the period."

Mr. CHAIRMAN.—Amendment moved:

'1. In sub-clause (1), for the words "A general meeting..... for the time being in force", the following words shall be substituted: "An annual general meeting of a Co-operative Society shall be held immediately after the close of the official year."

(MR. CHAIRMAN)

2. The following new items shall be added under sub-clause (1) as amended and the existing items (a), (b), (c) and (d) shall be re-lettered as (e), (f), (g) and (h) respectively:—

“(a) Scrutiny of the accounts and work of the Society of the previous year when the outgoing directors worked;

(b) For taking prompt steps on audit report of the accounts of the Society during the previous year which were operated by the outgoing committee members;

(c) Consideration of the non-official resolutions sent 25 days earlier than the date of the annual general meeting;

(d) Consideration of the official resolutions selected by the committee at least 25 days before the annual general meeting.”

3. In item (b) (item f as re-lettered) the words “other than nominated members” shall be deleted.

4. The words “in accordance with the bye-laws” in item (d) (item as re-lettered) shall be deleted.

5. The proviso at the end of sub-clause (1) shall be deleted.

6. The following sub-clauses shall be added:

“(3) The Registrar shall call a general meeting of the society if it is not called as stated above within one month from the last date of the third month after the official year, for the purpose of electing the members of the committee failing which the Registrar shall immediately become liable for disciplinary action for lapse of duty;

(4) The committee shall be competent to work and operate the accounts of the Society only during the official year and shall never be considered as committee of the Society after the end of the fourth month after the official year and

any transaction and work done by them on behalf of the society shall be void and they make themselves liable personally for any transaction after the period.”

†Sri K. S. SURYANARAYANARAO.—I wish to say a few words. My only object is this: lest any co-operative society may put off calling a general body meeting but I want that some time limit to be fixed. The clause also provides for the Registrar extending the period for six months. I want that to be restricted from the commencement of the official year. There is scope for calling a general body meeting from the commencement of the official year. I hope the Hon'ble Minister will accept my amendment.

Sri K. KENCHAPPA.—In clause 27 there is provision for holding a general meeting annually but there is no remedy provided if the general meeting is not called and the Registrar does not take action. Another thing; when the annual general meeting is held it does not mean that it transacts the business of the previous year for which the committee was elected. What is actually happening is that an annual general meeting is held in 1959-60 to consider the accounts of 1954-55 or 1955-56. In almost all annual general meetings the general body has to consider the accounts of some years past and they will not pertain to the period for which the committee members operate on the accounts. Such being the case, according to clause 27 there is nothing to indicate that a general body meeting must be held for scrutinising the accounts of the previous year for which the members of the committee will be able to explain the position. That is why I have suggested that an annual general meeting of a Co-operative Society shall be held immediately after the close of the official year.

About the other point: supposing a general body meeting is not called—it has come to the notice of the members of this House that in several cases for six or seven years general body meetings are not at all called. The members who are elected to the committee for one year will go on in their own way

with a good lot of defalcations and lapses but still nobody can raise his little finger against them. Though there is provision for the Registrar to call for a general body meeting, he does not do it. But there is provision to call for a special meeting in clause 28. We shall come to that later. Any way if a general body meeting is not called a special meeting will have to be called by the members of the society with the signature of a minimum number of members. In almost all the Societies general body meeting is not called for a number of years. I am told that in the Gadag Co-operative Society it is six years since a general body meeting was held.

Mr. CHAIRMAN.—You have said this more than once. You may proceed further. I am suggesting this to save time.

Sri K. KENCHAPPA.—The force of my suggestion is that a general body meeting should be held for the purpose of scrutinising the accounts of the previous year. In clause 27 it is stated that the general meeting of a society must be held within a period of three months from the termination of the official year. In that case an obligatory duty is there on the governing body to call a general body meeting failing which the Registrar will have to take action on the governing body and if the Registrar himself fails to call for such a meeting.....

Mr. CHAIRMAN.—There is provision in clause 28.

Sri K. KENCHAPPA.—That is for a special meeting. If the Registrar does not call such a meeting disciplinary action will have to be taken against him. Unless this is done, there seems to be no hope of the co-operative movement proceeding on proper lines. The inspection now being done by the officers is a huge waste and no results are forthcoming. They are treated nicely to tiffin by the management of the societies and there the matter ends. The officers themselves have no idea as to to what extent the rules have been observed.

Sri MALI MARIAPPA.—The provisions of Section 27 clearly safeguard the holding of general body meetings

punctually and without default. In case of default both officials and non-officials have to be penalised. I think the provisions now contained in the Bill are sufficient for this purpose.

Sri K.S. SURYANARAYANA RAO.—I beg leave of the House to withdraw my amendment.

*The amendment was, by leave,
withdrawn.*

Mr. CHAIRMAN.—The question is

‘1. In sub-clause (1), for the words “A general meeting.....;for the time being in force,” the following words shall be substituted: “An annual general meeting of a Co-operative Society shall be held immediately after the close of the official year”.

2. The following new items shall be added under sub-clause (1) as amended and the existing items (a), (b), (c) and (d) shall be re-lettered as (e), (f), (g) and (h) respectively.

“(a) Scrutiny of the accounts and work of the Society of the previous year when the outgoing directors worked;

(b) For taking prompt steps on audit report of the accounts of the Society during previous year which were operated by the outgoing committee members;

(c) Consideration of the non-official resolutions sent 25 days earlier than the date of the annual general meeting;

(d) Consideration of the official resolutions selected by the committee at least 25 days before the annual general meeting.”

3. In item (b) (item f as re-lettered) the words “other than nominated members shall be deleted.”

4. The words “in accordance with the bye-laws” in item (d) (item as re-lettered) shall be deleted.

5. The proviso at the end of sub-clause (1) shall be deleted.

6. The following sub-clauses shall be added;

MR. CHAIRMAN

(3) The Registrar shall call a general meeting of the society if it is not called as stated above within one month from the last date of the third month after the official year, for the purpose of electing the members of the committee failing which the Registrar shall immediately become liable for disciplinary action for lapse of duty ;

(4) The committee shall be competent to work and operate the accounts of the Society only during the official year and shall never be considered as committee of the Society after the end of the fourth month after the official year and any transaction and work done by them on behalf of the Society shall be void and they make themselves liable personally for any transaction after the period."

The motion was negatived

MR. CHAIRMAN.—The question is

"That Clause 27 stand part of the Bill."

The motion was adopted.

Clause 27 was added to the Bill.

SRI K. PUTTASWAMY (Mysore).—Before we proceed to the next clause, may I know when we would rise for the day?

The way in which the clauses are being discussed, I am afraid we may not finish even if we sit till 3 p.m.

SRI K. KENCHAPPA.—Is the Hon'ble Member suggesting that I should lapse in my duty as a member of this House?

MR. CHAIRMAN.—We will sit till 12-30 and complete Clause 28. Clause 28

SRI K. KENCHAPPA.—I beg to move :

'1. In sub-clause (1), for the words "Such number of membersbe prescribed" the words "five members or one fiftieth of the total number of members whichever is higher" shall be substituted.

2. The following sub-clause shall be added :

"2. In case a requisition is made by members, the copy of the requisition shall be sent by both

the Society and the membersto the Registrar of Co-operative Societies on which the Registrar shall cause arrangement for special meeting to be convened within 30 days from the date of receipt of such notice fixing the Presiding Officer, failing which the Secretary and the Registrar shall become liable for action as prescribed by rules."

3. For the existing sub-clause (2), the following sub-clause shall be substituted :

"3. If a special general meeting of a co-operative society is not called in accordance with the requisition referred to in sub-section (1) by the Society, the special general meeting called by the Registrar or any person authorised by him in this behalf referred to in sub-sections (1) and (2) that meeting shall be deemed to be a meeting called by the committee and shall have power to transact all business which can be transacted at the annual general meeting under the bye-laws of the society and such other business as is specially mentioned in the requisition made by the Registrar."

MR. CHAIRMAN.—Amendment moved :

'1. In sub clause (1), for the words "Such number of membersbe prescribed" the words "five members or one fiftieth of the total number of members whichever is higher" shall be substituted.

2. The following sub-clause shall be added :

"2. In case a requisition is made by members, the copy of the requisition shall be sent by both the Society and the members to the Registrar of Co-operative Societies on which the Registrar shall cause arrangement for special meeting to be convened within 30 days from the date of receipt of such notice fixing the Presiding Officer, failing which the Secretary

and the Registrar shall become liable for action as prescribed by rules."

3. For the existing sub-clause (2), the following sub-clause shall be substituted:

"3. If a special general meeting of a co-operative society is not called in accordance with the requisition referred to in sub-section (1) by the society, the special general meeting called by the Registrar or any person authorised by him in this behalf referred to in sub sections (1) and (2) that meeting shall be deemed to be a meeting called by the committee and shall have power to transact all business which can be transacted at the annual general meeting under the bye-laws of the society and such other business as is specially mentioned in the requisition made by the Registrar."

12.30 P.M.

Sri K. KENCHAPPA.—Sir, according to the provisions of the bill before us if a special general body meeting is to be convened it would have to be done by a decision of the committee or by the registrar or by a notice signed by a number of members as prescribed by the rules. My amendment seeks to avoid the rules prescribing the number of members necessary for convening a special general body meeting. I have stated that if five members of the society or one-fiftieth of the total number of members requisition a meeting, then such a meeting should perforce be called. According to this Bill, the minimum number of members to constitute a society is ten and that is the reason why I have suggested 5 as a minimum. But if the society is large, then one-fiftieths would represent an adequate number. I am of the opinion that Government should not have powers to prescribe the number of members necessary to summon a special general body meeting. I fear that the committee by itself or the Registrar by himself may not often be interested in calling

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such a meeting. There is no provision in the Bill to compel the summoning. Such a thing has happened in the past. Even after the minimum number necessary had requisitioned a meeting, the Board and the Registrar have refused to call a meeting. According to my amendment, if the competent authority fails to call a meeting even after a proper requisition is made, it shall be punished, be it the board or the Registrar. My purpose is that we should have live societies and not dead ones,

SRI MALI MARIAPPA.—It is enough for me to say that I am not prepared to accept this amendment. The special general body meeting that is to be convened has two aspects. One is allowing the management itself to convene such a meeting. The other is that in case there is default on the part of the management the Registrar convenes it. The object is to see that a special general body meeting is convened on requisition or for a particular purpose.

Mr. CHAIRMAN.—The question is:

1. In sub-clause (1), for the words "Such number of members be prescribed" the words "five members or one fiftieth of the total number of members whichever is higher" shall be substituted.

2. The following sub-clause shall be added:

"2. In case a requisition is made by members, the copy of the requisition shall be sent by both the Society and the members to the Registrar of Co-operative Societies on which the Registrar shall cause arrangement for special meeting to be convened within 30 days from the date of receipt of such notice fixing the Presiding Officer, failing which the Secretary and the Registrar shall become liable for action as prescribed by rules."

3. For the existing sub-clause (2), the following sub-clause shall be substituted:

"3. If a special general meeting of a co-operative society

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is not called in accordance with the requisition referred to in sub-section (1) by the society, the special general meeting called by the Registrar or any person authorised by him in this behalf referred to in sub-sections (1) and (2) that meeting shall be deemed to be a meeting called by the committee and shall have power to transact all business which can be transacted at the annual general meeting under the bye-laws of the society and such other business as is specially mentioned in the requisition made by the Registrar."

The motion was negatived

MR. CHAIRMAN.—The question is :

"That clause 28 stand part of Bill."

The motion was adopted.

Clause 28 was added to the Bill.

MR. CHAIRMAN.—The House will now rise and meet again at one o'clock on Monday.

The House adjourned at Thirty-five Minutes past Twelve of the Clock to meet again at One of the Clock on Monday, the 20th April 1959.
